
Introduced by Senator Ackerman

February 4, 2004

An act to amend Section 17951 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1172, as introduced, Ackerman. Personal income tax: gross income: nonresident or part-year resident.

The Personal Income Tax Law imposes a tax on the entire taxable income of an individual taxpayer subject to that law, but provides for a specified treatment of the income of nonresidents and part-year residents. For purposes of calculating the taxable income of a nonresident or part-year resident, the gross income of a nonresident or part-year resident includes only the gross income derived by the taxpayers from California sources. Existing federal laws limit or preempt California's ability to tax the California source income of certain nonresidents and part-year residents.

This bill, in specified conformity with those federal laws, would clarify existing law by expressly providing that California may not tax the California source income of certain nonresidents and part-year residents.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 17951 of the Revenue and Taxation
- 2 Code is amended to read:



1 17951. (a) For purposes of computing “taxable income of a
2 nonresident or part-year resident” under paragraph (1) of
3 subdivision (i) of Section 17041, in the case of nonresident
4 taxpayers the gross income includes only the gross income from
5 sources within this state.

6 (b) *Notwithstanding subdivision (a), the gross income of a*
7 *nonresident taxpayer does not include income not subject to the*
8 *Personal Income Tax Law (Part 10 (commencing with Section*
9 *17001) of Division 2) by operation of the following federal laws:*

10 (1) *Section 11108 of Title 46, United States Code, relating to*
11 *compensation for the performance of duties of certain merchant*
12 *seamen.*

13 (2) *Section 11502 of Title 49, United States Code, relating to*
14 *compensation of an employee of a rail carrier.*

15 (3) *Section 14503 of Title 49, United States Code, relating to*
16 *compensation of an employee of a motor carrier.*

17 (4) *Section 40116 of Title 49, United States Code, relating to the*
18 *pay of an employee of an air carrier.*

19 (5) *Section 571 of Title 50, Appendix, United States Code,*
20 *relating to military compensation of service members.*

